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LB 560

SENATOR SCHMIT: I would like to ask Senator Hannibal a question. As I understand it, you are talking about an amendment which will make this a jobs incentive rather than a capital incentive bill. Suppose that you invest \$300,000 and create one job, what is the tax credit, Senator Hannibal?

PRESIDENT: Senator Newell. Excuse me. Senator Hannibal.

SENATOR HANNIBAL: If you create...Senator Schmit, if you create only one job, you will get no tax credit whatsoever. You must create a third job, one past the original two. If you were going to create three jobs to get the one job's credit, you would still only get one credit because you have to have at least one job per \$100,000 of capital investment, at least one, one extra job.

SENATOR SCHMIT: Then if you were to invest a million dollars and create six jobs, you would get a credit for four additional positions?

SENATOR HANNIBAL: Right.

SENATOR SCHMIT: If you invested \$10 million and created ten jobs, you would get credit for eight positions.

SENATOR HANNIBAL: That is basically correct. However, there is a cap at \$5 million on capital investment. If you have \$5 million in capital investment invested in your jobs, you are going to get \$150 for each hundred thousand dollars invested as long as you create at least one job for each hundred thousand dollars investment. So if you only have ten jobs, then you really are going to be able to take advantage of the ten \$100,000 capital investments. That is the maximum you could take care of. On the other hand, if you go with \$100,000 investment and create twenty jobs, now you are going to get one capital investment credit, \$150, and eighteen jobs credits.

SENATOR SCHMIT: Is there any truth to what I begin to feel here as a contribution of state tax dollars toward assisting private enterprise to get into business? Or to expand a business?

SENATOR HANNIBAL: I am not sure I understand the question, Senator Schmit. Why don't you try it again.

SENATOR SCHMIT: Let me explain it with an example. I believe a few days ago I had a bill here which allowed